

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q1 • 2013

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Business Entity Filings Report Mixed Results in the First Quarter of 2013

New Entity Filings Down Compared to a Year Ago

New Entity Filings *[Leading Indicator]*

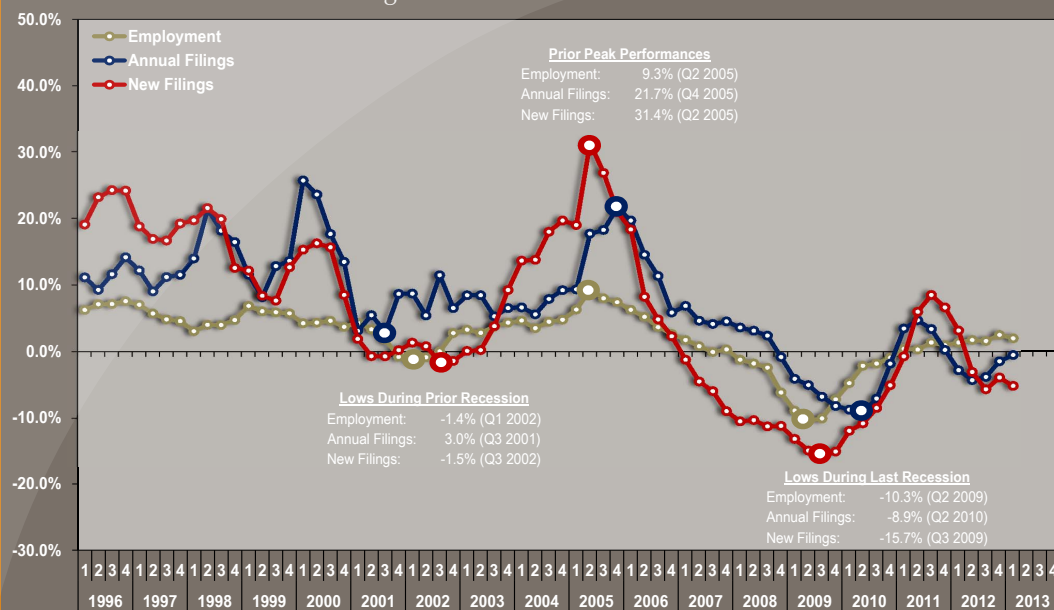
- New business entity filings totaled 14,494 in the first quarter of 2013. Compared to the prior quarter (Q4 2012), new entity filings are up 5.8 percent; however, compared to the same quarter a year ago (Q1 2012), they are down 6.2 percent. In the past 12 months, there were 55,549 new entity filings, down 5.1 percent from the prior 12-month period.
- Domestic (Nevada) new filings fell 6.0 percent when compared to the same quarter last year to 13,576, with all filing types witnessing declines. Limited Liability Companies ("LLCs"), which make up 67.3 percent of domestic new filings, totaled 9,131, down 6.2 percent from a year ago. Corporations, which make up another 31.7 percent of domestic filings, fell 4.2 percent to 4,305. Limited Partnerships ("LPs") reported the greatest annual decline of 37.6 percent.
- Foreign (non-Nevada) new filings witnessed an even more dramatic annual decline, falling 8.8 percent to 918. Although foreign LLC filings increased 8.0 percent year-over-year to 484, LPs and Corporations witnessed declines of 13.6 percent and 24.0 percent, respectively.

Total List Filings *[Lagging Indicator]*

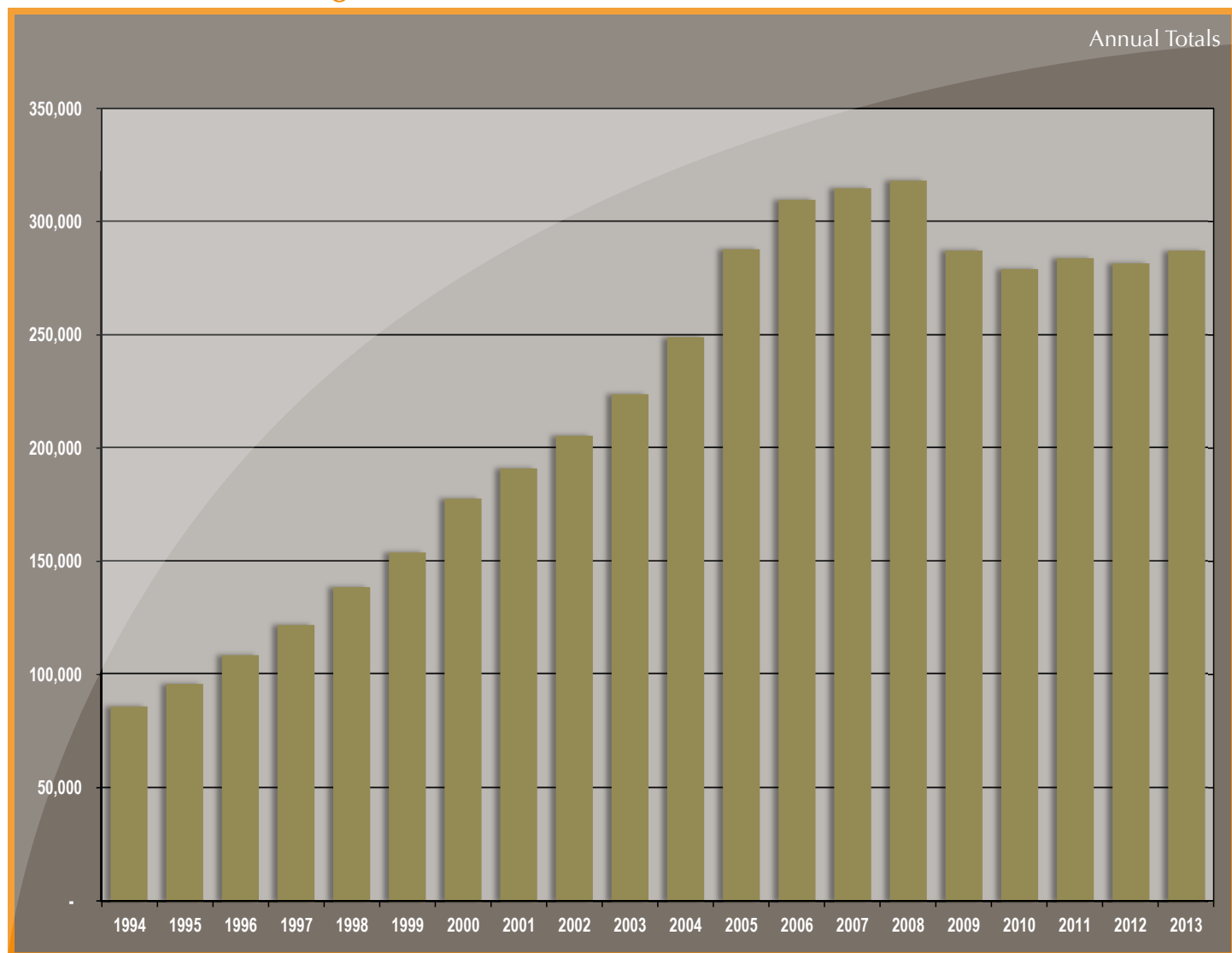
- Approximately 75,117 initial, annual and amended lists were filed during the first quarter of 2013, up 4.7 percent compared to the prior quarter and 0.1 percent compared to the same quarter last year. LLCs, which account for 51.4 percent of all list filings, increased 4.6 percent year-over-year. However, this increase was offset by declines in Corporations and LPs, which fell 3.9 percent and 7.7 percent, respectively.
- During the past 12 months, 287,516 initial, annual and amended lists were filed, down a modest 0.5 percent compared to the prior year period. The 2.9-percent annual increase reported by LLCs was offset by declines in Corporations (-3.3 percent) and LPs (-7.8 percent).
- As of March 2013, 287,135 entities were considered to be in "good standing", up 1.9 percent from the prior quarter and 1.2 percent compared to a year ago.

NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS

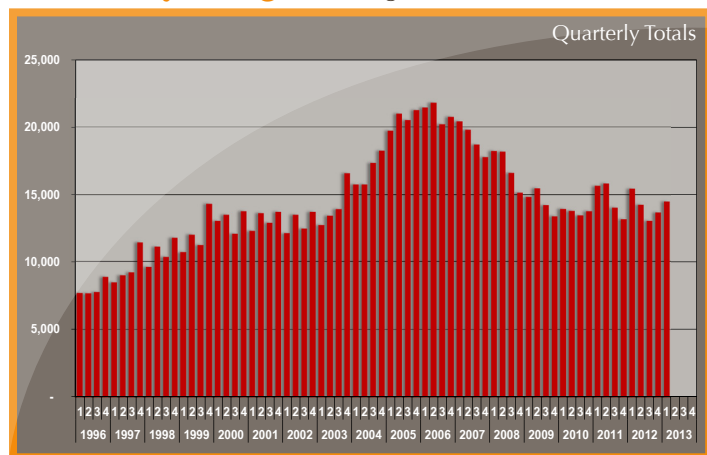
Trailing 12-Month Annual Growth Rates



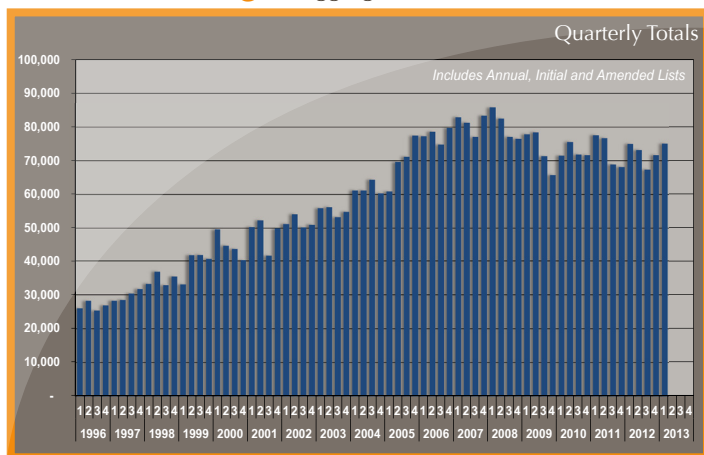
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



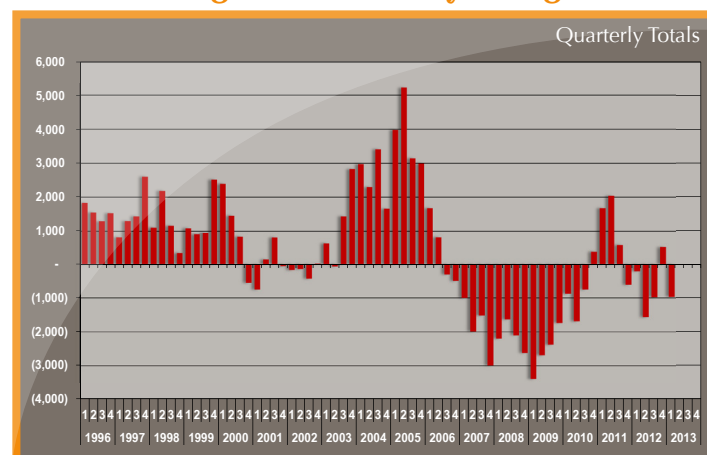
Quarterly Indicators ^[1]

Three Months Ended March 2013

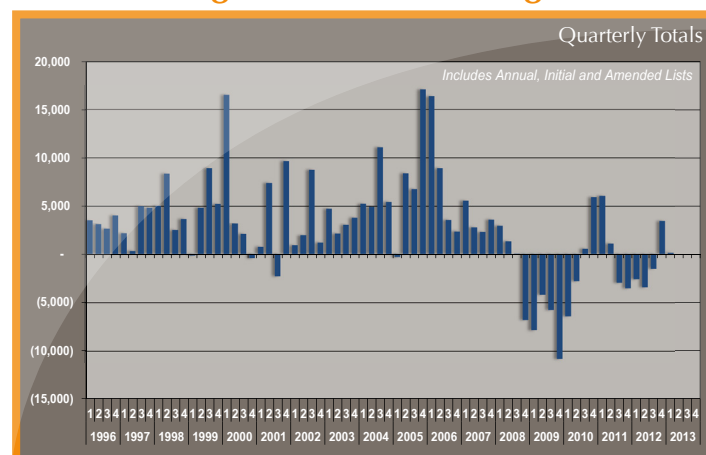
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	33,104	32,660	444	1.4% ▲	34,435	(1,331)	-3.9% ▼
Limited Partnerships	3,147	3,616	(469)	-13.0% ▼	3,409	(262)	-7.7% ▼
Limited Liability Companies	38,623	35,255	3,368	9.6% ▲	36,926	1,697	4.6% ▲
Limited Liability Partnerships and Business Trusts	243	197	46	23.4% ▲	245	(2)	-0.8% ▼
TOTAL	75,117	71,728	3,389	4.7% ▲	75,015	102	0.1% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,305	4,035	270	6.7% ▲	4,496	(191)	-4.2% ▼
Limited Partnerships	111	221	(110)	-49.8% ▼	178	(67)	-37.6% ▼
Limited Liability Companies	9,131	8,508	623	7.3% ▲	9,737	(606)	-6.2% ▼
Limited Liability Partnerships and Business Trusts	29	31	(2)	-6.5% ▼	31	(2)	-6.5% ▼
TOTAL	13,576	12,795	781	6.1% ▲	14,442	(866)	-6.0% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	406	426	(20)	-4.7% ▼	534	(128)	-24.0% ▼
Limited Partnerships	19	21	(2)	-9.5% ▼	22	(3)	-13.6% ▼
Limited Liability Companies	484	455	29	6.4% ▲	448	36	8.0% ▲
Limited Liability Partnerships and Business Trusts	9	7	2	28.6% ▲	3	6	200.0% ▲
TOTAL	918	909	9	1.0% ▲	1,007	(89)	-8.8% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,711	4,461	250	5.6% ▲	5,030	(319)	-6.3% ▼
Limited Partnerships	130	242	(112)	-46.3% ▼	200	(70)	-35.0% ▼
Limited Liability Companies	9,615	8,963	652	7.3% ▲	10,185	(570)	-5.6% ▼
Limited Liability Partnerships and Business Trusts	38	38	-	0.0% ►	34	4	11.8% ▲
TOTAL	14,494	13,704	790	5.8% ▲	15,449	(955)	-6.2% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,152,500	1,164,200	(11,700)	-1.0% ▼	1,129,500	23,000	2.0% ▲
Unemployment [4]	9.8%	9.8%	0.0%	- ►	11.6%	-1.8%	- ▼
Initial Jobless Claims	51,987	60,240	(8,253)	-13.7% ▼	57,428	(5,441)	-9.5% ▼
Bankruptcies - Chapter 7 [5]	2,277	2,342	(65)	-2.8% ▼	3,107	(830)	-26.7% ▼
Bankruptcies - Chapter 11 [5]	59	49	10	20.4% ▲	78	(19)	-24.4% ▼
Bankruptcies - Chapter 13 [5]	393	449	(56)	-12.5% ▼	695	(302)	-43.5% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending March 2013.

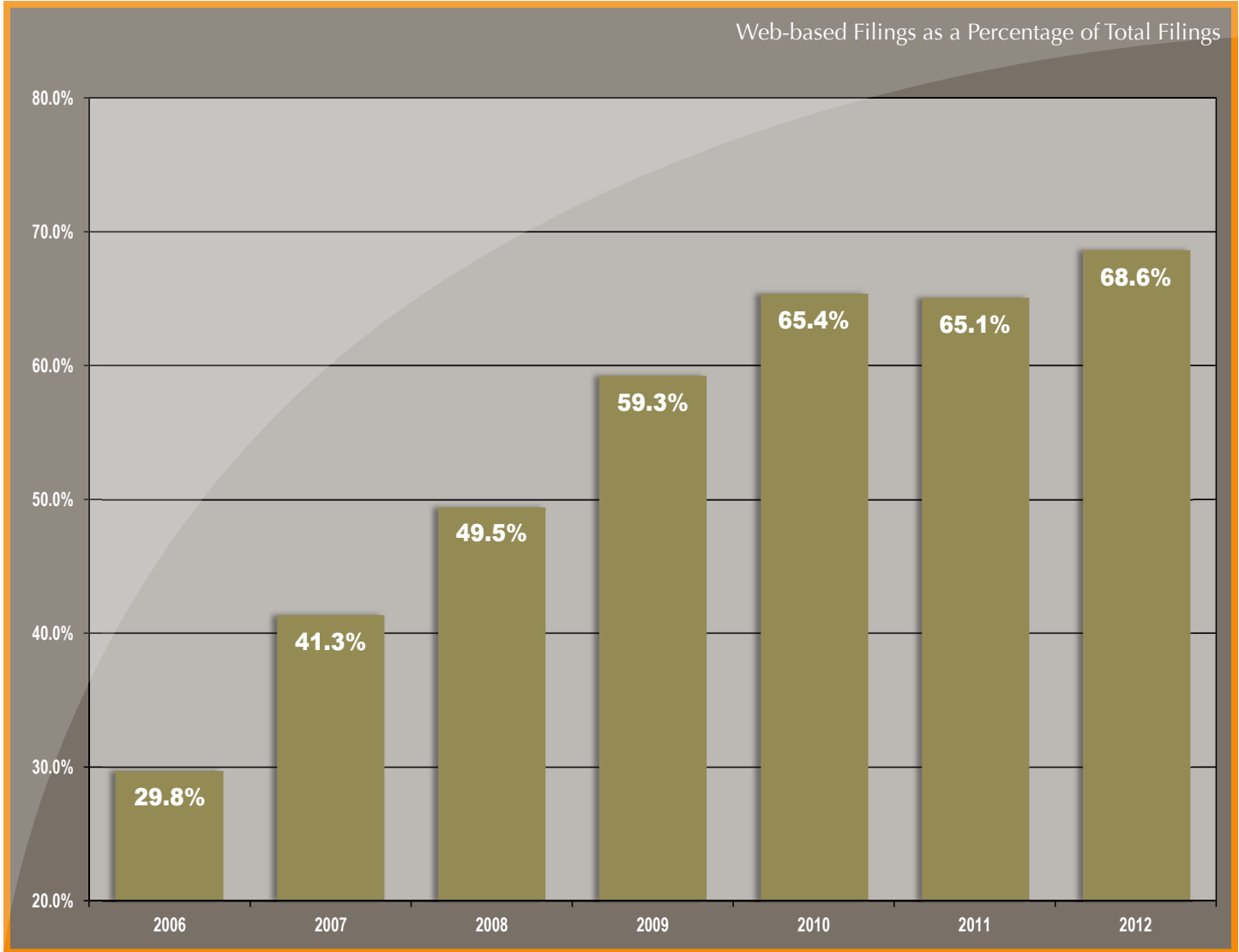
Annual Change in New Entity Filings



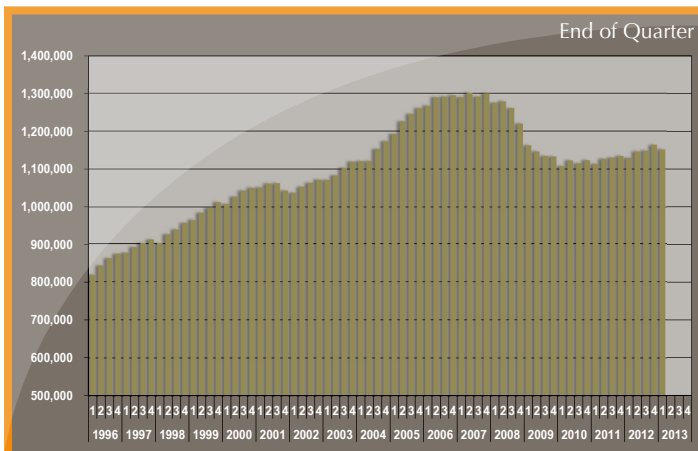
Annual Change in Total List Filings



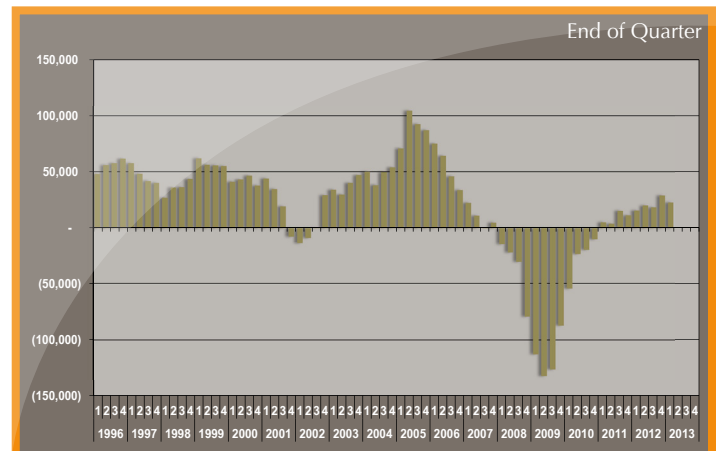
On-line Filing Utilization



Employment



Annual Change in Employment



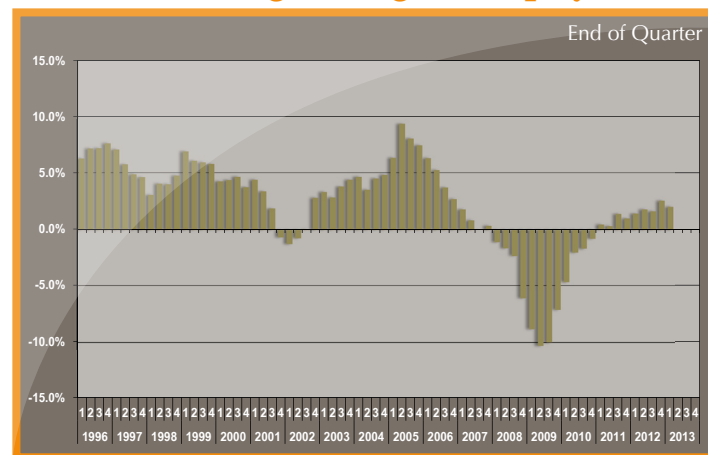
Annual Indicators ^[1]

Twelve Months Ended March 2013

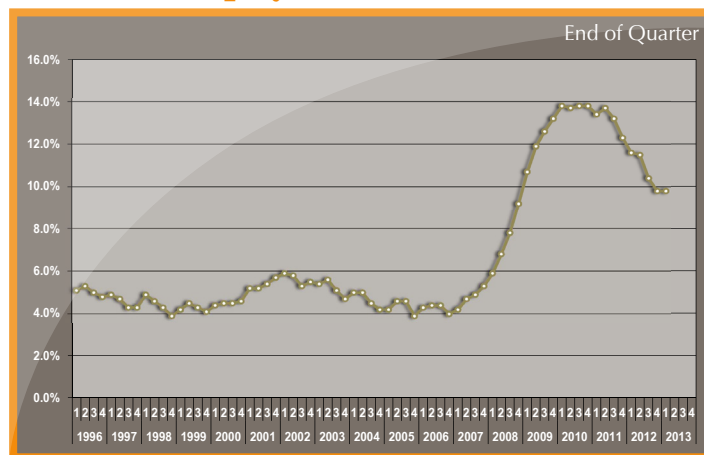
Current Quarter	Current	Prior Period			Prior Year		
	Value	Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	129,069	130,400	(1,331)	-1.0% ▼	133,422	(4,353)	-3.3% ▼
Limited Partnerships	13,350	13,612	(262)	-1.9% ▼	14,472	(1,122)	-7.8% ▼
Limited Liability Companies	144,194	142,497	1,697	1.2% ▲	140,087	4,107	2.9% ▲
Limited Liability Partnerships and Business Trusts	903	905	(2)	-0.2% ▼	923	(20)	-2.2% ▼
TOTAL	287,516	287,414	102	0.0% ▲	288,904	(1,388)	-0.5% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,540	16,731	(191)	-1.1% ▼	17,287	(747)	-4.3% ▼
Limited Partnerships	635	702	(67)	-9.5% ▼	909	(274)	-30.1% ▼
Limited Liability Companies	34,448	35,054	(606)	-1.7% ▼	36,254	(1,806)	-5.0% ▼
Limited Liability Partnerships and Business Trusts	127	118	9	7.6% ▲	151	(24)	-15.9% ▼
TOTAL	51,750	52,605	(855)	-1.6% ▼	54,601	(2,851)	-5.2% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,827	1,955	(128)	-6.5% ▼	2,064	(237)	-11.5% ▼
Limited Partnerships	67	70	(3)	-4.3% ▼	76	(9)	-11.8% ▼
Limited Liability Companies	1,879	1,843	36	2.0% ▲	1,781	98	5.5% ▲
Limited Liability Partnerships and Business Trusts	26	19	7	36.8% ▲	22	4	18.2% ▲
TOTAL	3,799	3,887	(88)	-2.3% ▼	3,943	(144)	-3.7% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	18,367	18,686	(319)	-1.7% ▼	19,351	(984)	-5.1% ▼
Limited Partnerships	702	772	(70)	-9.1% ▼	985	(283)	-28.7% ▼
Limited Liability Companies	36,327	36,897	(570)	-1.5% ▼	38,035	(1,708)	-4.5% ▼
Limited Liability Partnerships and Business Trusts	153	137	16	11.7% ▲	173	(20)	-11.6% ▼
TOTAL	55,549	56,492	(943)	-1.7% ▼	58,544	(2,995)	-5.1% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,152,500	1,164,200	(11,700)	-1.0% ▼	1,129,500	23,000	2.0% ▲
Unemployment [4]	9.8%	9.8%	0.0%	- ➡	11.6%	-1.8%	- ▼
Initial Jobless Claims	213,394	218,835	(5,441)	-2.5% ▼	229,282	(15,888)	-6.9% ▼
Bankruptcies - Chapter 7 [5]	10,593	11,423	(830)	-7.3% ▼	14,702	(4,109)	-27.9% ▼
Bankruptcies - Chapter 11 [5]	254	273	(19)	-7.0% ▼	345	(91)	-26.4% ▼
Bankruptcies - Chapter 13 [5]	2,098	2,400	(302)	-12.6% ▼	3,770	(1,672)	-44.4% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending March 2013.

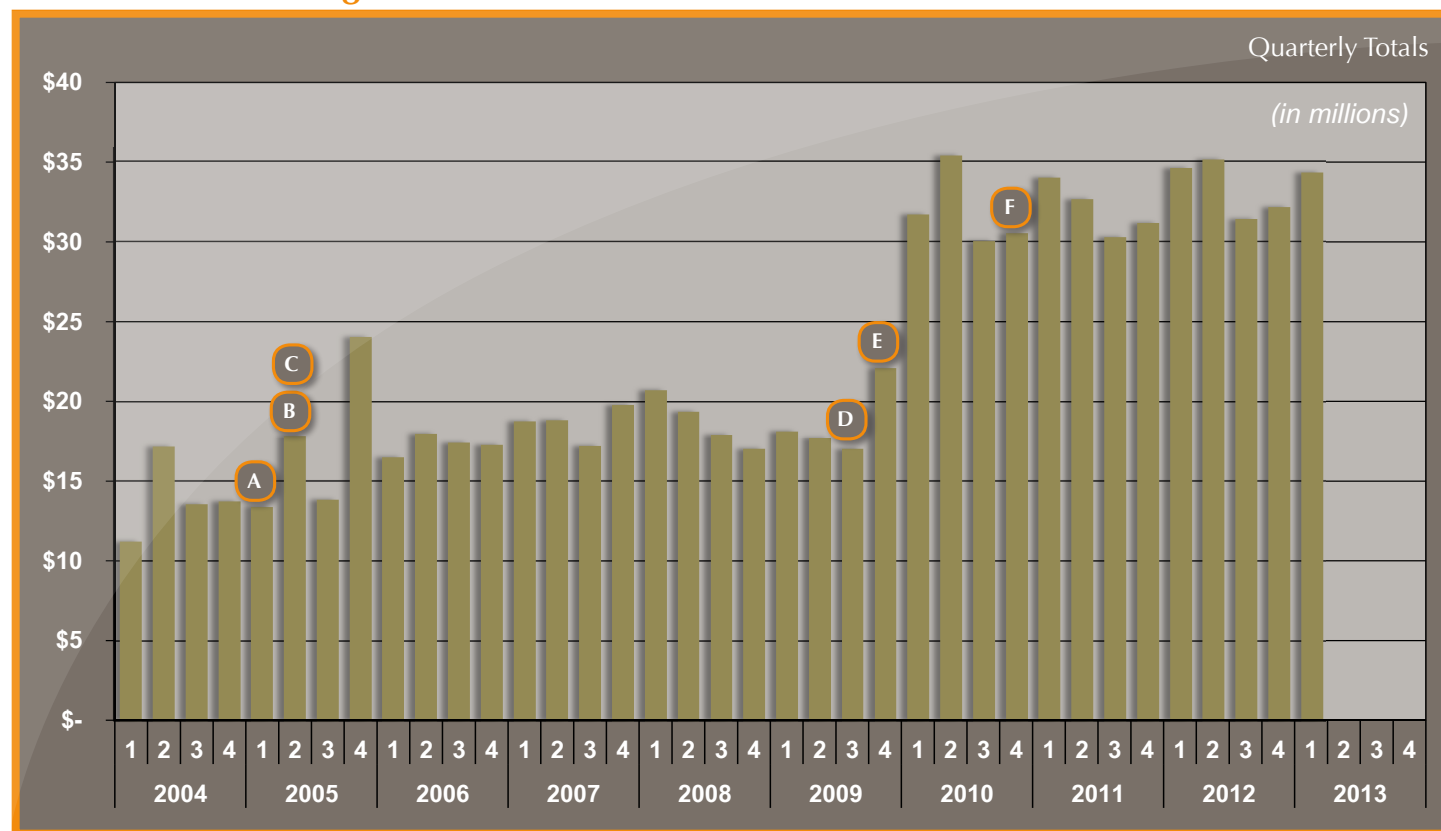
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ Employment in Nevada continues to trend in a positive direction, with the unemployment rate falling to 9.7 percent by the end of the first quarter of 2013. Overall, the state added 23,000 jobs in March when compared to the same period a year ago, with just one super sector (professional and business services) reporting an annual decline. The leisure and hospitality sector continues to report the most significant job growth, adding 7,400 jobs in March. The tourism sector has now witnessed year-over-year gains in employment for nearly three years straight. Notably, the construction industry, which was one of the hardest hit during the recession, has started to show modest signs of recovery, with 3,300 jobs added over the past year. The sector has now reported annual job growth for eight consecutive months; with increasing gains likely as housing and non-speculative commercial development continue to improve.

Despite gains in employment over the past year, growth in new entity filings weakened considerably, down 6.2 percent from a year ago and 7.4 percent from two years ago. New filings have struggled to report consecutive quarters of annual growth since the recession ended, with year-over-year declines witnessed in five of the past eight quarters. In addition, new entity filings reached their lowest point since the recession began in the third quarter of 2012, with just 13,081 filings reported. Trends in business entity filings suggest that Nevada continues to face economic headwinds as the employment base has only recently started to establish more solid footing.”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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